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78-8746/A

OLC #18-1193/A

1 MAY 1978

Honorable William Proxmire, Chairman
Subcommittee on Priorities and Economy
in Government
Joint Economic Committee
United States Congress
Washington, D.C. 20510

Dear Mr. Chairman:

Per agreement with Richard Kaufman, General Counsel, Joint Economic Committee, this letter provides, in response to your 31 March 1978 request, an unclassified description of the major research functions performed by CIA on the Soviet economy, and indicates some of the topics given special emphasis. Also enclosed is a listing of CIA's unclassified studies on the Soviet economy and military expenditures published during the past six years.

Our major research effort on the Soviet economy and the foreign trade of the USSR continues to be concentrated in the USSR/Eastern Europe Division of the Office of Economic Research, National Foreign Assessments Center. The primary activities of the Division are as follows:

1. Policy-relevant research on Soviet economic growth and development; specifically on trends in Gross National Product, its sectors of origin, competing end uses, and intersectoral relationships. This is accomplished by developing and maintaining Soviet GNP accounts, industrial performance indicators, and other resources assuming policies and growth strategies that Soviet leaders might pursue.
2. In-depth studies of all aspects of Soviet foreign trade and financial matters, with particular emphasis on Moscow's dealings with hard currency countries of the world. This includes monitoring the build-up of

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Remarks: NFAC # <i>1342-78/1</i> 6. Attached for your signature, is a response to a request from Senator Proxmire for comments on CIA's research on the Soviet economy. Comments have been coordinated with OSR and OGCR.			
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